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STATE OF MONTANA
OFFICE OF THE LEGISLATIVE FISCAL ANALYST
REPORT ON AUDIT
Fiscal Year Ended June 30, 1978



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STATE OF MONTANA
OFFICE OF THE LEGISLATIVE FISCAL ANALYST
REPORT ON AUDIT
Fiscal Year Ended June 30, 1978

STATE OF MONTANA
Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59601
406/449-3122



MORRIS L. BRUSETT
LEGISLATIVE AUDITOR

September 1978

DEPUTY LEGISLATIVE AUDITORS:
JOSEPH J. CALNAN
ADMINISTRATION AND
PROGRAM AUDITS
ELLEN FEAVER
FINANCIAL COMPLIANCE AND
CONTRACTED AUDITS
STAFF LEGAL COUNSEL
JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

Transmitted herewith is the report on the audit of the Legislative
Fiscal Analyst for the year ended June 30, 1978.

The audit was conducted by G. Dean Reed, C.P.A. under a contract
between the firm and our office. The comments contained in this report
represent the views of the firm and not necessarily the Legislative
Auditor.

Respectfully submitted,

Morris L. Brusett

Morris L. Brusett, C.P.A.
Legislative Auditor

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OFFICIALS

LEGISLATIVE FINANCE COMMITTEE

Representatives

Francis Bardanouve

Ann Mary Dessault

Burt Hurwitz

Art Lund

Jack Moore

Carroll South

Senators

Larry Fasbender

William Mathers, Chairman

William Norman

Pat Regan

Ed Smith

Stan Stephens

LEGISLATIVE FISCAL ANALYST

John LaFaver

SUMMARY OF RECOMMENDATIONS

NONE

G. DEAN REED
CERTIFIED PUBLIC ACCOUNTANT
1300 Cedar Street
HELENA, MONTANA 59601

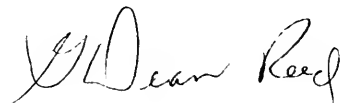
AREA CODE 406
TELEPHONE 442-6050

September 5, 1978

Legislative Audit Committee
State Capitol
Helena, Montana

I have examined the financial statements of the funds of the Office of the Legislative Fiscal Analyst for the fiscal year ended June 30, 1978, listed in the foregoing table of contents. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying financial statements listed in the aforementioned table of contents present fairly the financial position of the funds of the Office of the Legislative Fiscal Analyst as of June 30, 1978, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "G. Dean Reed". The signature is written in dark ink and is positioned below the main body of the letter.

COMMENTS

GENERAL

The legislative fiscal analyst program in Montana was initiated in 1974 pursuant to a legislative appropriation to the Office of the Legislative Auditor. Effective April 16, 1975, Chapter 448, Session Laws of 1975, was enacted which created the Legislative Finance Committee and the Office of the Legislative Fiscal Analyst to administer the program.

The purpose of the legislative fiscal analyst program, as set forth in the above cited Act, is to "provide for fiscal analysis of state government to accumulate, compile, analyze, and furnish such information bearing upon the financial matters of the state that is relevant to issues of policy and questions of statewide importance." The specific functions of the Legislative Fiscal Analyst, who is appointed by the Legislative Finance Committee, are to accomplish the aforementioned purpose by means including the following:

1. Investigation and study of the possibilities of effecting economy and efficiency in state government;
2. Estimate revenue from existing and proposed taxes;
3. Analyze the executive budget and budget requests of selected state agencies and institutions, including proposals for the construction of capital improvements.
4. Make the reports and recommendations he deems desirable to the Legislature and make reports and recommendations as requested by the Legislative Finance Committee and the Legislature; and
5. Assist committees of the Legislature, and individual legislators, in compiling and analyzing financial information.

The Legislative Fiscal Analyst reports to the Legislative Finance Committee, a permanent, bipartisan, joint committee of the Legislature. The Committee consists of six members from the Senate and six members from the House of Representatives. Four of the members from each house are by law appointed from the membership of the respective appropriating committee (Appropriations Committee of the House of Representatives and Finance & Claims Committee of the

Senate). No more than three members of each house may be from the same political party.

The legislative fiscal analyst program is financed by appropriations from the General Fund. The Legislative Fiscal Analyst and his staff, currently consisting of a secretary and seven analysts, work out of office space in the State Capitol in Helena.

PRIOR AUDIT RECOMMENDATION

Included in the audit report of the Office for the fiscal year ended June 30, 1977, was a recommendation that expenditures be charged to the fiscal year in which the related services are provided. This recommendation was based on the observation that \$610 for maintenance of office machines covering 1977-78 was charged to the 1976-77 fiscal year. No such instances were noted for 1977-78.

CONCLUDING COMMENTS

The comments contained in this report have been reviewed with the Legislative Fiscal Analyst. I would like to thank the Legislative Fiscal Analyst and his staff for the cooperation and assistance extended during the audit.

OFFICE OF THE LEGISLATIVE FISCAL ANALYSTALL FUNDS
BALANCE SHEET
June 30, 1978

	<u>General Fund</u>	<u>General Fixed Assets</u>
<u>ASSETS</u>		
Unexpended Appropriation	\$ 6,193	\$ -
Equipment	-	14,642
Total Assets	<u>\$ 6,193</u>	<u>\$14,642</u>
 <u>LIABILITIES, RESERVES, AND FUND BALANCE</u>		
Accrued Support Expenditures	\$ 6,193	\$ -
Reserve for Investment in General Fixed Assets - Exhibit D	-	14,642
Fund Balance - Exhibit B	-	-
Total Liabilities, Reserves, and Fund Balance	<u>\$ 6,193</u>	<u>\$14,642</u>

See Notes to Financial Statements.

OFFICE OF THE LEGISLATIVE FISCAL ANALYST
GENERAL FUND
STATEMENT OF CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 1978

Fund Balance, July 1, 1977	\$ -
Add:	
Revenue	123
Prior Year Expense Rebates	221
1977-78 Legislative Appropriation	<u>231,537</u>
Total Balance and Additions	231,881
Deduct:	
Revenue Deposited to General Fund	123
Support Expenditures	224,029
Appropriation Reversions	7,508
Prior Year Expenditure Adjustments	<u>221</u>
Fund Balance, June 30, 1978	<u><u>\$ -</u></u>

See Notes to Financial Statements.

OFFICE OF THE LEGISLATIVE FISCAL ANALYST
GENERAL FUND
STATEMENT OF SUPPORT EXPENDITURES COMPARED WITH APPROPRIATIONS
Fiscal Year Ended June 30, 1978

Legislative Appropriation	\$231,537
Support Expenditures	<u>224,029</u>
Appropriation Reversion	<u>\$ 7,508</u>

ANALYSIS OF EXPENDITURES

Personal Services:

Salaries	\$159,386	
Committee Members' Compensation	3,355	
Employee Benefits	<u>20,828</u>	
Total Personal Services		\$183,569

Operating Expenses:

Contracted Services	4,033	
Supplies and Materials	4,149	
Communications	3,828	
Travel	14,517	
Rent	4,371	
Repairs and Maintenance	47	
Other Expenses	<u>1,129</u>	
Total Operating Expenses		32,074

Capital Items:

Equipment	6,191	
Other Improvements	<u>2,195</u>	
Total Capital Items		<u>8,386</u>
Total Support Expenditures		<u>\$224,029</u>

See Notes to Financial Statements.

EXHIBIT D

OFFICE OF THE LEGISLATIVE FISCAL ANALYST
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Fiscal Year Ended June 30, 1978

Balance, July 1, 1977	\$16,142
Additions:	
Purchases	<u>2,238</u>
Total Balance and Additions	18,380
Deletions:	
Transfers to Other State Agencies	<u>(3,738)</u>
Balance, June 30, 1978	<u><u>\$14,642</u></u>

OFFICE OF THE LEGISLATIVE FISCAL ANALYST
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1978

Basis of Accounting

1. Consistent with established fiscal policy for the State of Montana, the statements are prepared on the modified accrual basis of accounting.

Accrued Liability for Employees' Earned Time Off

2. Also consistent with established fiscal policy for the State of Montana, the accompanying statements exclude the accrued liability for the Office's employees' earned time off for vacation and sick leave. The related expenditures are recorded when paid.

